

Exhibit 1

Exhibit 1

UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

LAS VEGAS, NEVADA

In re: USA COMMERCIAL MORTGAGE COMPANY,)	MAY 3, 2006
)	E-Filed: 06/01/06
)	
Debtor.)	Case No.
)	BK-S-06-10725-LBR
)	Chapter 11
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In re: USA CAPITAL REALTY ADVISORS, LLC,)	
)	
)	
Debtor.)	Case No.
)	BK-S-06-10726-LBR
)	Chapter 11
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In re: USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC,)	
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)	
Debtor.)	Case No.
)	BK-S-06-10727-LBR
)	Chapter 11
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In re: USA CAPITAL FIRST TRUST DEED FUND, LLC,)	
)	
)	
Debtor.)	Case No.
)	BK-S-06-10728-LBR
)	Chapter 11
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In re: USA SECURITIES, LLC,)	
)	
)	
Debtor.)	Case No.
)	BK-S-06-10729-LBR
)	Chapter 11

PARTIAL TRANSCRIPT OF PROCEEDINGS
OF
(06-10725) MOTION FOR JOINT ADMINISTRATION
WITHOUT SUBSTANTIVE CONSOLIDATION
AND
MOTION FOR ORDER UNDER
11, USC, SECTIONS 105(A), 345, AND 363
APPROVING DEBTORS PROPOSED CASH MANAGEMENT PROCEDURES
AND INTERIM USE OF CASH IN ACCORDANCE WITH
PROPOSED CASH BUDGET
AND
ORDER SHORTENING TIME
RE: MOTION TO EXTEND DEADLINE TO FILE
STATEMENTS AND SCHEDULES OR PROVIDE REQUIRED INFORMATION

1 AND
2 FINAL HEARING RE: ORDER RE STIPULATION
3 RE SETOFF AND BANK OF AMERICA ACCOUNTS
4 AND
5 ORDER SHORTENING TIME
6 RE: MODIFIED MOTION OF THE DEBTOR PURSUANT TO
7 11, USC, SECTIONS 363(B) AND 105(A)
8 FOR AUTHORITY TO PAY ADDITIONAL PREPETITION WAGES
9 TO SEVEN KEY EMPLOYEES
10 AND
11 (06-10726) MOTION FOR JOINT ADMINISTRATION
12 WITHOUT SUBSTANTIVE CONSOLIDATION
13 AND
14 MOTION FOR ORDER UNDER
15 11, USC, SECTIONS 105(A), 345, AND 363
16 APPROVING DEBTOR'S PROPOSED CASH MANAGEMENT PROCEDURES
17 AND INTERIM USE OF CASH IN ACCORDANCE WITH
18 PROPOSED CASH BUDGET
19 AND
20 ORDER SHORTENING TIME
21 RE: MOTION TO EXTEND DEADLINE TO FILE SCHEDULES
22 OR PROVIDE REQUIRED INFORMATION
23 AND
24 ORDER SHORTENING TIME
25 RE: MODIFIED MOTION OF THE DEBTOR
PURSUANT TO 11, USC, SECTIONS 363(B) AND 105(A)
FOR AUTHORITY TO PAY ADDITIONAL PREPETITION WAGES
TO SEVEN KEY EMPLOYEES
AND
(06-10727) MOTION FOR JOINT ADMINISTRATION
WITHOUT SUBSTANTIVE CONSOLIDATION
AND
MOTION FOR ORDER UNDER
11, USC, SECTIONS 105(A), 345, AND 363
APPROVING DEBTOR'S PROPOSED CASH MANAGEMENT PROCEDURES
AND INTERIM USE OF CASH IN ACCORDANCE WITH
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AND
ORDER SHORTENING TIME
RE: MOTION TO EXTEND DEADLINE TO FILE SCHEDULES
OR PROVIDE REQUIRED INFORMATION
AND
ORDER SHORTENING TIME
RE: MODIFIED MOTION OF THE DEBTOR
PURSUANT TO 11, USC, SECTIONS 363(B) AND 105(A)
FOR AUTHORITY TO PAY ADDITIONAL PREPETITION WAGES
TO SEVEN KEY EMPLOYEES
AND
(06-10728) MOTION FOR JOINT ADMINISTRATION
WITHOUT SUBSTANTIVE CONSOLIDATION

1 AND
2 MOTION FOR ORDER UNDER
3 11, USC, SECTIONS 105(A), 345, AND 363
4 APPROVING DEBTOR'S PROPOSED CASH MANAGEMENT PROCEDURES
5 AND INTERIM USE OF CASH IN ACCORDANCE WITH
6 PROPOSED CASH BUDGET

7 AND
8 ORDER SHORTENING TIME
9 RE: MOTION TO EXTEND DEADLINE TO FILE SCHEDULES
10 OR PROVIDE REQUIRED INFORMATION

11 AND
12 ORDER SHORTENING TIME
13 RE: MODIFIED MOTION OF THE DEBTOR
14 PURSUANT TO 11, USC, SECTIONS 363(B) AND 105(A)
15 FOR AUTHORITY TO PAY ADDITIONAL PREPETITION WAGES
16 TO SEVEN KEY EMPLOYEES

17 AND
18 (06-10729) MOTION FOR JOINT ADMINISTRATION
19 WITHOUT SUBSTANTIVE CONSOLIDATION

20 AND
21 MOTION FOR ORDER UNDER
22 11, USC, SECTIONS 105(A), 345, AND 363
23 APPROVING DEBTOR'S PROPOSED CASH MANAGEMENT PROCEDURES
24 AND INTERIM USE OF CASH IN ACCORDANCE WITH
25 PROPOSED CASH BUDGET

AND
ORDER SHORTENING TIME
RE: MOTION TO EXTEND DEADLINE TO FILE SCHEDULES
OR PROVIDE REQUIRED INFORMATION

AND
ORDER SHORTENING TIME
RE: MODIFIED MOTION OF THE DEBTOR
PURSUANT TO 11, USC, SECTIONS 363(B) AND 105(A)
FOR AUTHORITY TO PAY ADDITIONAL PREPETITION WAGES
TO SEVEN KEY EMPLOYEES

VOLUME 1
BEFORE THE HONORABLE LINDA B. RIEGLE
UNITED STATES BANKRUPTCY JUDGE

Wednesday, May 3, 2006

9:30 a.m.

Court Recorder: Helen C. Smith

Proceedings recorded by electronic sound recordings; transcript
produced by transcription service.

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3 Debtors in Possession:

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17 For Fortress: JOEL SAMUELSON
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I N D E X

Witness	Direct	Cross	Redirect	Recross	Voir Dire
THOMAS J. ALLISON					
(By Ms. Jarvis)	10			116	
(By Mr. Lepome)		67			
(By Mr. Gordon)		74			
(By Mr. Michaelson)		81			
(By Ms. Carlyon)		87			
(By Mr. Merola)		89			
(By Ms. Chubb)		99			
(By Mr. Kinas)		106			
(By Ms. Davis)		108			
(By Mr. Farrow)		113			

1 This is -- this projection was based on the collection of
2 -- of service fees from our performing portfolio.

3 Q. When you estimated the service fees, did you estimate it at
4 a one-percent servicing fee?

5 A. Yes.

6 Q. And that was despite the --

7 A. One percent per annum.

8 Q. But are there rights that Commercial Mortgage has with
9 respect to higher servicing fees with respect to serving the
10 investors?

11 A. Yes. We have the right to charge up to three percent per
12 annum on -- on -- on the vast majority of our loans.

13 Q. But you -- in making this conservative, you used only the
14 one percent.

15 A. Yes, Ms. Jarvis.

16 Q. Okay. And as you indicated, then, if your collections
17 improve as far as turning nonperforming loans into performing
18 loans, will the service fees that can be collected in this
19 budget also increase?

20 A. Yes. Oh. Again, if we look at the fact that 60 percent --
21 when you look at the fact that 60 percent of the loan portfolio
22 is nonperforming at this time to the extent that we're able to
23 -- through some focused discussions with the delinquent lenders
24 to get them performing again, that should definitely enhance the
25 -- the cash flow.

1 (The Court concluded at 03:21:32 p.m.)

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1 I certify that the foregoing is a correct transcript from
2 the electronic sound recording of the proceedings in the
3 above-entitled matter.

4 /s/ Biljana Dokic

06/01/06

5 _____
6 Biljana Dokic, Transcriptionist

Date

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